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Cultural creative industries or *creative* (cultural) industries?

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Introduction

This essay examines changes in the role of cultural policy in Australia during the past two decades, a period that witnessed an increasing division between supporters of publicly-funded arts and those who identified with the economic value of the creative economy. By the end of the decade the term creative industries had become the preferred approach to policy making, even though there is yet no national creative industries policy, such as in New Zealand. The term ‘creative industries’ was first coined by Australian Labor Party policy makers in the early 1990s, a period of transition towards greater economic accountability in the arts and cultural industries. The ensuing ‘creation nation’ arts policy was influential beyond Australia’s shores. It was the forerunner of international disruptions to the long-held tradition of the arts as special beneficiaries of government support.

In this essay we look at the way that cultural policy has subsequently embraced the turn towards enterprise and innovation. We begin with a discussion of the ‘arm’s lengths’ model of cultural policy: the facilitator, patron, architect and engineer models. These models demonstrate degrees of government involvement. This four-part separation of powers, while useful, has failed to account for the knowledge economy and in particular the impact of media convergence. We provide a more contemporary four-model division of the cultural and creative industries: the *welfare* model, the *normal* model, the *growth* model and the *creative economy* model. The intention of this is to argue that government should be involved in making good policy, but that policy ought to encourage and facilitate innovation. We conclude by problematising the division between cultural and creative industries.

Cultural policy pragmatics

Cultural policy is a term that evokes a variety of positions in Australia. The

established view is that cultural policy favours support of the civilising arts; a more contemporary approach has come to favour industry and enterprise. In the latter the state's role is to provide the best environment for enterprise. However, there continues to be debate amongst arts communities urging a return to a golden period of arts subsidy. This, however, is unlikely to happen.

The Australian contribution to redefining the role of cultural policy globally is significant. The key period was the 1990s, a time of robust academic engagements on the topic of cultural policy, mostly emanating from the Australian Key Centre for Cultural and Media Policy located at Griffith University in Brisbane. At that time the Centre was headed up by Tony Bennett whose emphasis on culture as 'a field of government' derived from the latter work of Michel Foucault.

Bennett's application of Michel Foucault's concept of 'governmentality' was influential in advancing a more utilitarian perspective on the role of arts and culture. In Foucault's understanding government is closer to management: it does not refer directly to the political concept of the state so much as the range of institutions and processes that are publicly regulated and which are involved in the forming and training of populations. Foucault's analysis of the operations of modern forms of government has provided a lead for cultural intellectuals investigating the relations of cultural production and consumption, and the effects of policy on these fields. Bennett argued that a Foucauldian governmental perspective allowed us to see how cultural resources order and shape the social relations that they effect (Bennett 1999).

According to Foucault's later writings, government is broadly defined as 'the conduct of conduct': a 'form of activity aiming to shape, guide or affect the conduct of some person or persons' (Gordon 1991, 2). The operations of government function as a 'contact point' where *techniques of domination* (or power) and *techniques of the self* interact (Burchell 1996, 20). Techniques of the self refer to the myriad ways that individuals adopt to regulate their own conduct. The function of government here is not so much to discipline populations but rather to put in place strategies and policies that lead individuals to 'self-government'. This is a model of governance that rewards enterprise.

Bennet mounted a revisionist account of culture. In his view culture was a reformer's science, expressed in a shift from the politics of identity and meaning to thinking about the governmental implications of using cultural programs to manage populations. In recent times in Australia cultural policies have aligned with social policies: they have focused on changing people's relationships to government itself—in other words, to see government as a mechanism to facilitate self enterprise. For many advocates of the 1990s cultural policy movement in Australia the issue was not so much the content of culture but what culture contributes to contemporary problems of social relations. This approach has been brilliantly described by George Yudice in *The Expediency of Culture* (2003). Yudice argues that cultural solutions have increasingly been incorporated within public policy, from supra-national institutions such as UNESCO and the World Bank down to the micro-level of local councils. Yudice's 'culture as resource' thesis subsequently reinvigorated debates on cultural policy. While of a different political hue than the more directly business-led creative industries movement of the late 1990s (see below), Yudice showed how government agencies, NGOs, and consultants have worked together to advocate a role for culture in the regulation of economic development, the alleviation of social inequality, and in lobbying and legislating for cultural diversity.

Defining cultural policy

According to Jennifer Craik (2007), there are two broad ways of defining cultural policy. First, cultural policy refers to the regulation of the 'marketplace of ideas and creative practice'. In effect, culture is already embedded in daily life and consumption. From this perspective, government's role is to regulate production and consumption, often with the aim of developing national culture or export potential. The role of government is at a distance, enabling and making strategic policies. Second, cultural policy refers to policies that manage cultural resources and institutions, such as performing arts companies. In this sense, government plays a more active and sometimes interventionist role.

Another way of unpacking this division is 'the arm's length model'. The Canadian cultural policy researchers Hillman-Chartrand and McCaughey proposed four 'ideal

types' of cultural policy in order to explain the relations between governments and the cultural sphere (Hillman-Chartrand and McCaughey 1989). These are the *facilitator* state, the *patron* state, the *architect* state, and the *engineer* state model. Most nations have in the past favoured one of these four models of cultural policy.

The facilitator state is the ideal 'hands-off' model: it entails indirect promotion of cultural activity through the extension of tax incentives and inducements to corporate institutions and philanthropic donors. In other words, the government provides the conditions that favour cultural production and consumption. The facilitator model is ideologically linked with neo-liberalism and the US entertainment industries. An abiding faith in the market to determine the productivity of culture typifies this framework.

The second category, the patron state, is a modern equivalent of the tradition of aristocratic support of the arts. In countries such as the United Kingdom, Canada and Australia this tradition still prevails allowing the cultural sphere, usually the upper end of the arts, to be supported 'through arms length councils' which are usually 'quasi-independent bodies'. Decisions regarding financial support are subsequently based on criteria of 'excellence' determined by peer groups.

The architect model allows government a more direct role in shaping the environment. It is thus more interventionist and is connected to social welfare and national cultural policy objectives. Critics of this approach contend that artists will seek to produce work that conforms to whatever the state favours at a particular time rather than asserting true creative independence. The best example of this approach is France.

The engineer model is where government directly intervenes and controls the cultural sphere. Culture is an instrument of political education and the government owns the means of production including the media. The examples here are the former Soviet Union and China prior to the 1990s.

The models are heuristically useful in indicating the extent of government involvement in culture and how involvement is manifested in cultural outputs—although it must be pointed out that pure instances of one type are unlikely to exist.

The relationship between governments and culture is most likely to be a combination of models depending on what sectors of the cultural sphere are being administered. Indeed, as Craik points out, a certain amount of mixing has occurred in recent times.

Cultural policy in Australia

Australia is a relatively young settler nation. The first white ‘immigrants’ arrived in 1788 and the nation celebrated its bicentennial with a great display of national artistic fervour in 1988. During the early years of the colony and throughout the 20th century, the idea of arts and culture appealed to the government as a means of developing a cultivated and civilised population, as well as building a national culture (Craik 2007). Early colonial governments supported culture through the establishment of art galleries (Victoria 1861, New South Wales 1871, South Australia 1880, Queensland 1895, Tasmania 1887 and Western Australia in 1901). In 1932, the Australian Broadcasting Commission (ABC) was set up. It had a cultural role that included broadcasting orchestral performances and managing performing artists. This entrepreneurial role was eventually assumed by commercial entrepreneurs.

The 1960s and 1970s are considered by many to be the golden years. During this time many of Australia best talents were attracted overseas and the Australia government responded by initiating pro-active arts policies and by establishing the Australia Council, which to this day plays an important role in determining the value of cultural institutions and the amount of support they receive from the public purse. In the late 1970s, the Fraser Liberal-National government endorsed three new principles of cultural policy. These were innovation, dissemination and education (Craik 2007, 12). Australian cultural policy was moving inevitably towards a more instrumental and accountable model by which performance and community benefit was assessed by specialist government committees. The Hawke Labor government subsequently set up more enquiries in the 1980s, endeavouring to shift policy away from the architect model to a hybrid patron- facilitator model.

The greatest shift in cultural policy, and indeed the first real articulation of a national cultural industries policy came in the 1990s under the Keating Labor government.

Keating envisaged a culture-led economic future in a globalised society (Craik 2007). This was a forward-thinking agenda for cultural reform, taking culture out of its traditional arts base into a more expansive industry model. These industrial categories included film, television, multimedia, cultural heritage, cultural industries, libraries, indigenous culture, regional cultural outreach and tourism. In addition, investment was directed at multimedia ‘hothouses’, with the aim of generating wealth and export earnings.

Under the Howard government, which took office in 1996, the Creative Nation agenda continued, although the name was not used. Meanwhile, the creative nation idea migrated to the UK and was taken up with renewed vigour by the Blair Labour government in 1998. The internationalisation of the idea of creative nation and creative industries demonstrated that the future of cultural policy is tied to industry, a trend that has favoured a facilitator arm’s length model.

In 2001, the Department of Communication IT Arts (DoCITA) in Australia instigated the Creative Industries Cluster Study. These were major reports examining the viability of Australia’s digital content industries. At the time there was view that clustering was a way to establish innovation districts and regions. Stuart Cunningham (2006) notes these reports finally cemented a shift from a ‘cultural policy’ framework to an ‘industry policy’ framework. The reports in turn led to state governments taking the initiative to think about the facilitation of creative clusters through investment policy and tax support measures. The most well known creative cluster in Australia today is the Creative Industry Precinct at the Queensland University of Technology (QUT), which began operation in 2004. This was funded by the Queensland State Government as part of its Smart State Strategy, recognition of the future importance of the knowledge-based economy in Queensland. From 2003 to 2005 researchers at QUT worked on a mapping of employment in Queensland’s creative sectors. A report entitled *Creativity is Big Business* followed in 2005. Other state governments followed the lead of Queensland, and the UK, looking to map the extent and value of creative industries and identify potential ‘winners’. Initiatives on a national level include the 2006 Creative Innovation Strategy. The Australia Council, once an art-centred organisation, adopted this enquiry, with the aim of bridging the divides between what the science community calls ‘innovation’, and the arts and humanities calls

‘creativity’.

All these developments illustrate how understandings of culture have expanded and broadened over the past decade. As Yudice (2003) argues, culture is increasingly viewed as *resource*. If nature is a resource, Yudice insists that culture can be viewed in the same way. In bringing to the fore the idea of management there is a sense of opportunism, or what Yudice terms expediency. This is now the dominant approach to thinking about cultural policy internationally.

Creative industries: the international momentum

The term ‘*creative industries*’ is now widely accepted in most developed economies, most noticeably in urban centres where there is a diversity of service industries. A problem however is that the idea of creativity has no universally agreed definition. Bilton (2007) notes definitions of both creativity and creative industries tend towards duality and contradiction. The term ‘creative’ seems to privilege the creative personality—the individual—while ‘industry’ conjures up organised production. The UK definition of creative industries, which is most often cited, favours the exploitation of intellectual property: ‘[The creative industries are] those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property’ (DCMS 1998) .

Some critics argue that the focus on creative industries, which has captured the attention of governments in many nations and regions, is symptomatic of the excesses of neo-liberalism (Hesmondalgh 2007). People refashion themselves as entrepreneurs, places brand themselves as ‘cool’ and cosmopolitan, and culture is increasingly turned into ‘content’ which is distributed across national borders. Audiences become consumers and end-users. Alternatively, the term ‘cultural industries’ evokes a more national and ultimately more civic articulation of cultural identity.

To understand the nature of these misunderstandings, it is useful to briefly explore the processes that are regarded as engendering creativity, both upstream (conception) and

downstream (marketing). The notion of the creative value chain focuses on processes, the most basic breakdown of the process being inputs, production and outputs. Moreover, between production and outputs there are varying degrees of originality and imitation. The value chain of a piece of contemporary music begins with the musician noting down a series of notes such that the composition is copyrightable. In actual fact, the creative ideas may have devolved from his or her experiences immediately prior to composition or several years before. Various processes and intermediaries combine to make the combination of sounds and lyrics more commercial: other musicians, producers, publishers, commercial agents, record labels, radio play lists, personal appearances, distribution outlets etc.

Despite the romantic view of creativity, process is central. To take an idealist position, creativity is *ex nihilo*: it comes out of nowhere, at least it seems. If we take this view originality simply cannot occur. We need the past to create; for instance new words, slang, and hip expressions are generally combinations of existing meaning systems. In the Buddhist tradition, the idea of beginners' or empty mind predisposes the sage towards illumination uncluttered by the past. Many of the great Chinese lyrical poets during the Tang Dynasty drew upon this 'method' or alternatively shifted their reality with liberal amounts of wine.

Most economists agree that the capitalist economies, and particularly the US, have placed a higher value on novelty than socialist nations. In turn, Western liberal democracies have instituted intellectual property laws (copyrights and patents) that have rewarded creativity, whether artistic or scientific. Not surprisingly, the emphasis on intellectual property confirms that creativity is time bound: it can be registered. The past, on the other hand, both constrains and extends creativity. In the media industries, the past—and especially the recent past—is the key to success. Many television programs thrive by being repetitive or derivative. One can ask: just how creative or original are formatted game and reality shows that reproduce formulas? Just how original, for instance is Harry Potter?

Bilton (2007: 53) points out notions of value 'are dependent upon the subjective, individual interpretation of "symbolic" goods in the mind's eye of the consumer'. As opposed to conventional commodities (for instance, foodstuffs) creative goods and

services ‘have to work much harder to engage with and manipulate customer perceptions of value, through critical reappraisal, customized marketing and innovative modes of packaging and delivery.’ Taking an evolutionary economics approach to the creative industries, we can observe that creativity is embedded a more complex system of economic coordination than is conventionally understood in the arts. Design, for instance, adds value to the packaged foodstuffs on the supermarket shelves.

Four models of the cultural and creative industries

Recently, researchers at QUT’s Centre for Creative Industries and Innovation (CCI) have devised four models of the creative industries, which are a refinement of the earlier arm’s length cultural policy models mentioned above. The aim of these revisions is to reposition the creative (and cultural industries) within the dynamic sphere of the international knowledge economy rather than the static sphere of cultural economics. The latter refers to a conservative field of economics more concerned with preservation than innovation. This repositioning also brings to the fore an argument about the value of the creative industries for the broader economy. In doing so it argues that the creative industries should be supported by policy, albeit policy that facilitates innovation rather than creating dependency.

The welfare model

Cunningham and Potts (2007) call the first model the ‘welfare model’. In this view, the cultural industries have a net negative impact on the economy. In other words, they consume more resources than they produce. The cultural industries produce ‘merit goods’, that is, cultural commodities that enhance the overall welfare of the population. This aligns with most of the arts policies over the past two decades, and particularly what Craik calls *elite nurturing*, a tendency to give generous subsidies to a small number of elite organisations. It should be stated, however, that public benefits result because resources are transferred from the rest of the economy. The overall effect is regarded as welfare positive due to the production of commodities of high cultural value (symphony orchestras, ballet, theatre) but low market value.

Cunningham and Potts argue that the economic justification for policy intervention generally rests on a market failure argument. For example, running a national theatre company is an expensive operation and the only real direct income is ticket sales. Policy interventions therefore take account of the non-market value. These elite organisations provide cultural capital; they provide training in the arts, they educate, they have ‘civilising effects’, and they can stimulate national identity. From an economic perspective these benefits come at the cost of aggregate economic growth: their growth is not what ‘the market’ wants: they are artificially supported by transfers from the rest of the economy.

The normal model

Model 2 argues that creative industries are not special: in effect, they are in fact just entertainment or leisure industries. Cultural/creative goods are ‘normal goods’. They vary in relative price and rational consumers make decisions between them and goods from other sectors. It follows from this argument that whether they are designated as cultural or creative industries, they should require the same policy treatment as other industries. They are just another member of the industrial community: this is as if the WTOs ‘most favoured nation’ principle were applied to ‘most favoured industry’, such that any privileges extended to one industry must automatically extend to all. In this view, the policy focus should not be about resource re-allocation, but rather with the plea for consistent industrial policy treatment (and especially with respect to international movement of labour and intellectual property).

The growth model

Model 3 takes the argument in a different direction and proposes a positive economic relation between growth in the ‘creative’ industries and growth in the aggregate economy. In this model the creative industries are a growth ‘driver’. The creative industries introduce novel ideas into the economy: these ideas spread to other sectors (*e.g.* new designs). The creative industries also facilitate the adoption and retention of new ideas or technologies in other sectors (*e.g.* ICT). The key difference from models 1&2 is that model 3 actively involves the creative industries in the growth of the

economy.

Cunningham and Potts argue that according to this model policymakers should regard the creative industries as a ‘special sector’. This privileging is not because they are economically significant, it is because they facilitate the growth of other sectors. If model 3 is true, then there is a clear economic case for redirecting resources, not just for the benefit of the creative industries, but for the benefit of all. In this sense, this is a public good argument but one that is different from model 1. The creative industries, in this view, are clear winners to be backed.

The creative economy model

A fourth model can now be considered, one that presents an emergent dimension, and one that takes into account the international focus on innovation systems. In this view the creative industries are elements of the *innovation system* of the whole economy. This is a subtle but important distinction. The real economic value of the creative industries is not in terms of their contribution to economic value (models 1–3), but it is due to their contribution to the coordination of new ideas or technologies, and thus of the process of change. According to Cunningham and Potts, the creative industries might in this sense be better understood as a kind of industrial entrepreneurship operating on the consumer side of the economy. The creative industries originate and coordinate change in the knowledge base of the economy. And because of this they have crucial policy significance. If model 4 is true, then, the creative industries are part of the *innovation system* that drives and coordinates the growth of knowledge processes that underpins economic evolution.

Conclusion: the value of creative (cultural) industries

The argument we have extended is quite radical and no doubt some people will find it discomfiting. We believe, however, that it is important to understand how cultural policy has evolved: from its role in shaping and moulding good citizens with a sense

of national cultural identity towards nurturing an ethic of self-enterprise, innovation and risk. It has moved from a public educating role to an industry facilitating role, echoing Yudice's notion of culture as resource, as well as Foucault's concept of governmentality. In the process of describing this transformation we have taken on board a fundamental distinction between the cultural and creative industries. As we privilege innovation as the leading element in economic growth, the cultural industries appear to be more resistant to change; cultural tourism, heritage, and many forms of performing, folk and traditional art essentially seek to maintain and preserve ideologies, and the institutions of the state. This can be observed throughout history. It is a reason why states have intervened in cultural policy, either by the architect or engineer models.

Times have changed and globalisation is no longer a force that can be ignored. In other words, nations can no longer close themselves off from change. The Internet has created, and continues to create massive disruption to business models. As information is disseminated through fast speed networks consumers have more opportunities to become creators in their own right, posting blogs, websites and making short movies. Cultural stability is disrupted as never before.

Ironically, the greatest protection for cultural maintenance is creativity. Not only does creativity become more important in this period of change, it brings with it new ideas and new technologies that allow traditional forms of culture to be reinvested with value. In the process these old forms of knowledge become accessible to new generations. However, this is not possible without disruption. The generation born since 1980 has grown up expecting change: some might say they have short attention spans and can't be bothered taking the trouble to learn how to consume fine arts. But this is missing the point. The producers of culture, whether this be filmmakers, documentary makers, scriptwriters, performing artist etc have to recognise that culture is dynamic, not static. Many cultural industries still adhere to a static industry model based upon technique and repetition. As they continue to lobby for government assistance, they find that government is increasingly handing its cultural policy over to economic planning agencies. The importance of novelty generating industries and professions to economic development and human capital is now greater than ever.

This is the argument we put forward in model four. In effect, rather than seeing cultural creative industries as the foundation, we would argue that *creative* cultural industries are the key to innovation and to economic development. The industries that rely on novelty and innovation require greater flexibility and digital literacy. They should be supported, not resisted. These creative cultural industries will continue to play a key role in re-converting static forms of culture into interactive forms, they will drive economic growth, and they will promote diversity.

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